

HUMAN SERVICES SYSTEM

BUDGET UNIT: CHILD CARE PROVIDER PAYMENTS (AAA ETP)

I. GENERAL PROGRAM STATEMENT

This is a comprehensive multi-use program budget. All childcare programs administered by the Transitional Assistance Department (TAD) are budgeted within this unit. This expanded program is one of the major programs of the federal welfare reform and the resulting State CalWORKs program. The expanded programs are intended to fund childcare for CalWORKs recipients that are seeking employment or have obtained employment and continue through employment stabilization for a period of up to two years. This budget unit also incorporates the program that funds childcare for families in which the child is under the auspices of the Department of Children's Services and is at risk of parent abuse or neglect.

These childcare provider payments are 100% federal and state funded through reimbursements by the state. There is no staffing associated with this budget.

II. BUDGET & WORKLOAD HISTORY

| | Actual 2000-01 | Budget 2001-02 | Actual 2001-02 | Budget 2002-03 |
|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total Appropriation | 75,098,323 | 83,762,245 | 85,891,477 | 68,504,316 |
| Total Revenue | 75,031,761 | 83,749,092 | 85,943,528 | 68,504,316 |
| Local Cost | 66,562 | 13,153 | (52,051) | - |
| <u>Workload Indicators</u> | | | | |
| Annual Paid Cases | 21,871 | 23,179 | 23,153 | 18,229 |
| Average Monthly Aid | \$294 | \$320 | \$309 | \$313 |

In 2001-02 annual paid cases decreased by 9% due to the downturn in the economy early in the fiscal year. Average monthly aid increased by 5% due to inflation. The local cost variance is simply an accounting error that occurred in 2000-01 understating revenue, which was rectified in 2001-02. In 2000-01, \$52,051 of revenue was not accrued, therefore the adjustment was needed in 2001-02. Child Care is fully reimbursed except for a county maintenance of effort requirement of \$13,153, which will be budgeted in the HSS Administrative budget (DPA) in 2002-03.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

STAFFING CHANGES

None.

PROGRAM CHANGES

Changes that were debated during the state budget hearings (that would have significantly reduced funding for childcare), did not materialize. These changes would have affected Stage 1 and 2 in possible reductions of up to 21% and the elimination of Stage 3 as of April 1, 2003. For 2002-03 the budget was built based on these funding reduction assumptions.

In the state's final budget for 2002-03 for childcare, in comparison to 2001-02 final allocations including funding augmentations are the following funding changes:

- Stage 1 funding resulted in a 28.7% or \$16 million reduction
- Stage 2 funding resulted in a 39.7% or \$14.6 million increase
- Stage 3 funding resulted in a 17.5% or \$1.4 million increase
- Child Protective Services and the federal block grant funding remained unchanged.

Although this represents a significant funding reduction for Stage 1, caseload growth in the last year has been negative. The negative caseload results in minimal savings and the department will be forced to move a significant amount of cases from Stage 1, to Stage 2 and 3. The state has assured the department that as caseload grows in Stages 2 and 3, these allocations will be augmented to cover the increased caseload and associated expense.

HUMAN SERVICES SYSTEM

GROUP: Human Services System
DEPARTMENT: Entitlement Payments
FUND: General AAA ETP

FUNCTION: Public Assistance
ACTIVITY: Aid Programs

| | 2001-02 Actuals | 2001-02 Approved Budget | 2002-03 Board Approved Base Budget | 2002-03 Board Approved Changes to Base Budget | 2002-03 Final Budget |
|-------------------------|--------------------|----------------------------|--|--|-------------------------|
| Appropriation | | | | | |
| Other Charges | 85,891,477 | 83,762,245 | 72,201,224 | (3,696,908) | 68,504,316 |
| Total Appropriation | 85,891,477 | 83,762,245 | 72,201,224 | (3,696,908) | 68,504,316 |
| Revenue | | | | | |
| State, Fed or Gov't Aid | 85,943,528 | 83,749,092 | 72,188,071 | (3,683,755) | 68,504,316 |
| Total Revenue | 85,943,528 | 83,749,092 | 72,188,071 | (3,683,755) | 68,504,316 |
| Local Cost | (52,051) | 13,153 | 13,153 | (13,153) | - |

Total Changes in Board Approved Base Budget

| | | |
|---------------------------------|--------------|--|
| Other Charges | (11,561,021) | Decrease in entitlement payments due to revenue reduction. |
| Revenue | (11,561,021) | Reduction in federal and state funding. |
| Total Appropriation Change | (11,561,021) | |
| Total Revenue Change | (11,561,021) | |
| Total Local Cost Change | - | |
| Total 2001-02 Appropriation | 83,762,245 | |
| Total 2001-02 Revenue | 83,749,092 | |
| Total 2001-02 Local Cost | 13,153 | |
| Total Base Budget Appropriation | 72,201,224 | |
| Total Base Budget Revenue | 72,188,071 | |
| Total Base Budget Local Cost | 13,153 | |

Board Approved Changes to Base Budget

| | | |
|-----------------------|-------------|--|
| Other Charges | (3,696,908) | Decrease in entitlement payments due to revenue reduction. |
| Total Appropriations | (3,696,908) | |
| Revenue | | |
| State and Federal Aid | (3,683,755) | Reduction in federal and state funding. |
| Total Revenues | (3,683,755) | |
| Local Cost | (13,153) | Shifted to the HSS Administrative budget. |